

**OPENING STATEMENT: CHAIRMAN PETE V. DOMENICI**  
**CBO ECONOMIC AND BUDGET OUTLOOK, FY 1999**  
**January 28, 1998**

Good morning Dr. O'Neill, Senator Lautenberg and fellow Senators. This is of course the first hearing of the Committee for the second session of the 105th Congress. If we had adopted my Biennial Budgeting and Appropriations bill last year, we might not necessarily need to be having this hearing today. But we didn't and so we are required to produce another Congressional budget resolution for the upcoming fiscal year this fall.

Before we begin -- a couple of administrative announcements. I have directed the staff to keep the number of Committee hearings to a minimum this year. Tomorrow, Chairman Greenspan will appear before the Committee, and next week after the President's Budget is transmitted, the Committee will receive testimony from OMB Director Raines and Treasury Secretary Rubin. Next Thursday, February 5, the Committee in closed session will meet with the Director General of the IMF.

Looking further ahead, it is my desire and I know it is the wishes of our Leadership, that we expedite any budget resolution this year. So it is my hope that we will report a budget resolution from this Committee the second week of March and complete action in the full Senate on the FY 1999 Concurrent Budget Resolution by the end of March. Obviously, I will consult with the Ranking Member on any schedule we develop.

Briefly then to the hearing and testimony today.

Clearly the CBO report today is good news. That news is simply that "the unified federal budget is likely to be essentially balanced for the next 10 years if current policies remain unchanged." As either the Chairman or the Ranking Member of this Committee for the last 17 years, I was never

sure that this type of report would ever come. Certainly this is what we had hoped for when we completed the Bipartisan Budget Agreement last year, but the continuing strong economy has made the balanced unified budget an earlier achievement than was projected last year.

If there is one thing this job has taught me over the years, is the need to be humble in our forecasts. We must be cautious and careful. We are essentially in balance today, but when total spending in the federal budget is nearly \$1.7 trillion -- tenths of percentage point swings in interest rate forecasts, or unemployment, or prices, can easily drive the budget from a surplus to a deficit situation.

Managing a surplus or a balanced budget may turn out to be as difficult for policy makers as what it took to get to the balance in the first place. While we can expect year to year fluctuations in our economic forecasts, we know on the other hand that the aging process is pretty steady -- one year after another. And so once again, as the President mentioned last evening in the State of the Union, we still face the challenge of an aging population, an aging population living longer, and the fiscal consequences of that biological process that will confront us early in the new century.

So let us celebrate the good news of this report today, but let us not lose sight of the challenges that still lie ahead. Let us remain cautious, and thoughtful as we debate how to use this balanced budget in ways that will support continual growth in the economy, create jobs, strengthen families, and confront the new fiscal challenges that await us over the horizon.